

Message Text

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ACTION AF-08

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01
COME-00 DODE-00 EB-08 FEAE-00 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06
OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /096 W
-----241543Z 023328 /53

R 241126Z JAN 77
FM AMEMBASSY BANGUI
TO SECSTATE WASHDC 8178
INFO AMEMBASSY YAOUNDE
AMCONSUL DOUALA

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E.O. 11652: N/A
TAGS: EINV, CT
SUBJECT: TEXACO-MOBIL COMPENSATION CLAIMS

REF: BANGUI 2510, DECEMBER 29, 1976

1. GOCAE SUMMONED REPRESENTATIVES OF NATIONALIZED OIL COMPANIES JANUARY 21-22 FOR DISCUSSION OF NEW PARTICIPATION AGREEMENT AND COMPENSATION CLAIMS. TEXACO, MOBIL, SHELL, AGIP AND FINA TOOK PART. TOTAL WAS NOT INVITED.

2. ACCORDING TO TEXACO AND MOBIL REPS WHO BRIEFED AMBASSADOR ON THE MEETINGS, LITTLE SUBSTANTIVE PROGRESS WAS MADE ON EITHER PARTICIPATION AGREEMENT OR RESIDUAL COMPENSATION. COMPANIES ALL EXPRESSED WILLINGNESS TO ENTER PARTICIPATION IN CENTRAHYDRO IF THEIR BASIC NEEDS COULD BE MET. TEXACO'S POINT OF VIEW, WHICH REPRESENTATIVE SUDER DESCRIBED AS TYPICAL OF OTHER COMPANIES' POSITIONS, INCLUDES FOLLOWING POINTS: BEFORE SIGNING ANY AGREEMENT TEXACO WISHES TO KNOW WHAT WOULD BE EXACT VALUE OF ITS PARTICIPATION, AND WHAT RIGHTS IT WOULD HAVE TO
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REPATRIATE ITS SHARE OF THE PROFITS. IT WOULD ALSO WANT TO KNOW IN ADVANCE THE EXACT AMOUNT AND REPAYMENT SCHEDULE FOR COMPENSATION TO BE PAID AFTER PARTICIPATION; AND FINALLY IT WOULD WANT TO KNOW EXACTLY WHAT WERE ITS RIGHTS AND OBLIGATIONS AS SHARE-HOLDERS. IN ANY EVENT, TEXACO DOES NOT INTEND TO RESUME MANAGEMENT OF CENTRAHYDRO, (ALTHOUGH WILLING

TO PROVIDE TECHNICAL ASSISTANCE), TO PUT IN NEW CAPITAL OR TO MAKE LOANS TO THE COMPANY. ANY PRODUCTS PROVIDED TO THE NEW JOINT VENTURE WOULD BE PAID FOR AGAINST IRREVOCABLE LETTERS OF CREDIT. WITH RESPECT TO RESIDUAL COMPENSATION, COMPANIES DO NOT WISH TO BE TIED TO PAYMENTS OUT OF CENTRAHYDRO'S PROFITS AND ARE CONSIDERING SUGGESTING TO GOCAE A SUPPLEMENTARY LEVY OF 2 TO 4 FRANCS CFA PER LITER OF GASOLINE WHICH WOULD GO INTO A SPECIAL COMPENSATION FUND.

3. GOCAE HAS AGREED TO SEND DELEGATION TO DOUALA DURING NEXT TEN DAYS TO SET UP SCHEDULE FOR FOLLOW-UP TALKS IN BANGUI. PURPOSE OF THESE TALKS, WHICH MIGHT LAST FROM SEVERAL DAYS TO A WEEK, WOULD BE TO HAMMER OUT FINAL DETAILED PARTICIPATION AGREEMENT. COMPANY REPS WANT, IF POSSIBLE, TO AVOID SERIES OF INCONCLUSIVE SHORT MEETINGS.

COMMENT: WHILE THESE ARE OBVIOUSLY NUMEROUS ISSUES TO BE RESOLVED, MOBIL AND TEXACO REPS SEEMED HOPEFUL THAT PROGRESS CAN BE MADE AND SATISFACTORY AGREEMENT REACHED. HAVING JUST BEEN THROUGH SIMILAR NEGOTIATIONS IN ZAIRE, THEY KNOW THAT A TIME-CONSUMING PROCESS LIES AHEAD, BUT THEY ARE PREPARED FOR THIS IF IT WILL ENABLE THEM TO GET COMPENSATION FOR THEIR SEIZED ASSETS.
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Message Attributes

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